

PROJECT SUMMARY: City of Lansing Consolidated Garage

Purpose: The purpose of the project, as described in the FY11 budget discussions, is to consolidate operation of the two garages which serve to maintain the City's 1,150 pieces of equipment. The Central Garage, located on 312 N. Cedar Street, maintains police, fire, and administration vehicles and equipment, and the Service Garage, located on 525 E. South Street, services Public Service and Parks & Recreation vehicles and equipment. Planning for this project has been underway for several years.

By consolidating these two garages, the City will be gaining efficiencies through:

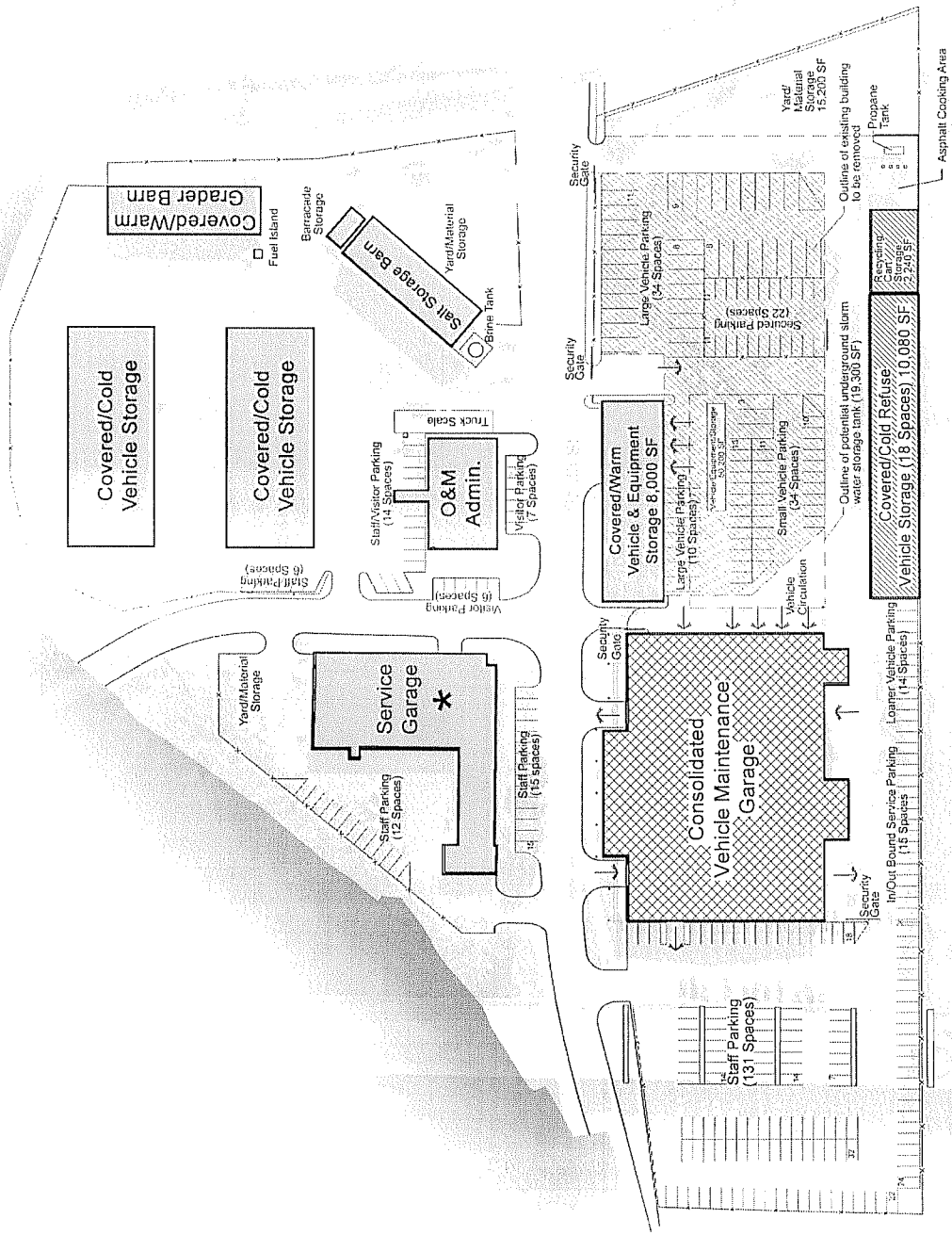
- parts inventory reduction
- majority of all vehicles stored in one location
- garage designed for maximum efficiency for vehicle service
- more efficient management of available labor hours
- not duplicating services

The current structure of two separate garages divides both physical and labor resources, which adds to the overall cost of maintaining equipment.

Project Scope: The City currently owns the Transfer Station on South Street where recycling operations are performed and refuse vehicles are stored. With implementation of single stream recycling, the sorting function is in the process of being phased out, leaving the facility available for reuse.

Once the building is vacated, it will be renovated to accommodate the entire City fleet operation. A separate vehicle storage building will be erected to provide cover for refuse trucks. The total project cost is \$4,000,000 and will take 7 months to complete. Construction is anticipated to begin in January, 2011, and should take approximately 7 months.

Project Cost: Construction and renovation costs are projected to be \$4 million. \$1 million will come from existing funds in the garage internal service fund, and the remaining \$3 million will come from the bond proceeds. The additional \$200,000 is anticipated for the costs of issuing the bonds. It is currently anticipated that net borrowing costs could be as low as 4%, utilizing the federal stimulus program. Without the impact of the federal stimulus program, the costs could be as much as 5%.



Staff Parking Capacity
(including visitor parking)

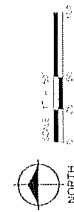
| | |
|----------------|-------------------|
| Northwest Area | 27 spaces |
| Northeast Area | 33 spaces |
| South Area | 131 spaces |
| Total | 191 spaces |

Vehicle Parking

| | |
|-----------------|-------------------|
| Vehicle (12x30) | 46 spaces |
| Vehicle (9x18) | 34 spaces |
| Secured Parking | 22 spaces |
| Total | 102 spaces |

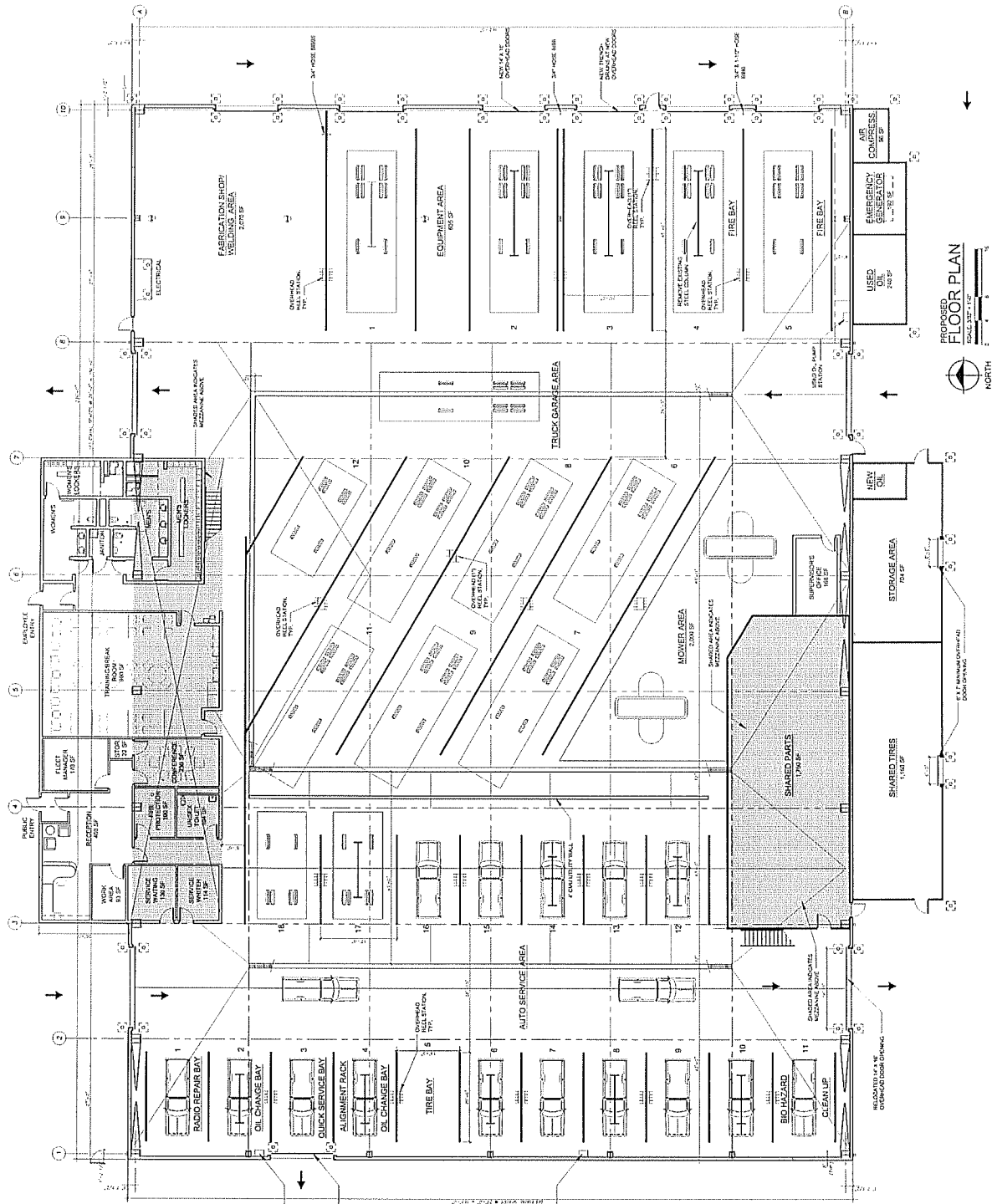
Legend

- Existing building to remain
- Existing building to be renovated
- New building



Consolidated Vehicle Maintenance Garage

Operations and Maintenance Site
* Future Staging Area For Forestry And Grounds Maintenance



TRUCK SERVICE - EAST BAYS

1. 10' x 12' x 14' OVERHEAD DOOR
 2. 10' x 12' x 14' OVERHEAD DOOR
 3. 10' x 12' x 14' OVERHEAD DOOR
 4. 10' x 12' x 14' OVERHEAD DOOR
 5. 10' x 12' x 14' OVERHEAD DOOR
 6. 10' x 12' x 14' OVERHEAD DOOR
 7. 10' x 12' x 14' OVERHEAD DOOR
 8. 10' x 12' x 14' OVERHEAD DOOR
 9. 10' x 12' x 14' OVERHEAD DOOR
 10. 10' x 12' x 14' OVERHEAD DOOR
 11. 10' x 12' x 14' OVERHEAD DOOR
 12. 10' x 12' x 14' OVERHEAD DOOR

AUTO SERVICE - WEST BAYS

1. 10' x 12' x 14' OVERHEAD DOOR
 2. 10' x 12' x 14' OVERHEAD DOOR
 3. 10' x 12' x 14' OVERHEAD DOOR
 4. 10' x 12' x 14' OVERHEAD DOOR
 5. 10' x 12' x 14' OVERHEAD DOOR
 6. 10' x 12' x 14' OVERHEAD DOOR
 7. 10' x 12' x 14' OVERHEAD DOOR
 8. 10' x 12' x 14' OVERHEAD DOOR
 9. 10' x 12' x 14' OVERHEAD DOOR
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 11. 10' x 12' x 14' OVERHEAD DOOR
 12. 10' x 12' x 14' OVERHEAD DOOR

fic&h

20 SEPTEMBER 2010 G0600527S

City of Lansing
 Combined Vehicle Maintenance Facility
 Existing Transfer Building

\$3,200,000
CITY OF LANSING
COUNTIES OF INGHAM AND EATON, STATE OF MICHIGAN
LIMITED TAX GENERAL OBLIGATION
CAPITAL IMPROVEMENT RECOVERY ZONE BONDS, SERIES 2010 (TAXABLE)

SCHEDULE OF ESTIMATED REVENUES AND EXPENDITURES

| F/Y End 6-30, | Net Revenue For Debt | \$3,200,000 | | N I C : 3.1864% | | Dated | | Annual Excess or (Shortfall) | |
|---------------------|----------------------------|--------------------------|--------------------------|------------------------------------|--------------------------------|------------------|---------------------------|------------------------------------|-------|
| | | Interest Due Nov-1 | Interest Due May-1 | Interest Subsidy 45% of Int. | Interest Subsidy Reserve | Interest Rate | Principal Due May-1 | | Total |
| 2010 | 0 | 0 | 0 | \$0 | | 0.000% | 0 | 0 | 0 |
| 2011 | 62,685 | 0 | 62,685 | (28,208) | 28,208 | 1.750% | 0 | 62,685 | 0 |
| 2012 | 137,722 | 82,965 | 82,965 | (74,669) | 46,460 | 1.950% | 0 | 137,722 | 0 |
| 2013 | 231,262 | 82,965 | 82,965 | (74,669) | 0 | 2.400% | 140,000 | 231,262 | 0 |
| 2014 | 232,902 | 81,285 | 81,285 | (73,157) | (1,512) | 2.850% | 145,000 | 232,902 | 0 |
| 2015 | 230,281 | 79,219 | 79,219 | (71,297) | (1,860) | 3.100% | 145,000 | 230,281 | 0 |
| 2016 | 232,646 | 76,971 | 76,971 | (69,274) | (2,023) | 3.500% | 150,000 | 232,646 | 0 |
| 2017 | 234,418 | 74,346 | 74,346 | (66,912) | (2,363) | 4.000% | 155,000 | 234,418 | 0 |
| 2018 | 230,581 | 71,246 | 71,246 | (64,122) | (2,790) | 4.600% | 155,000 | 230,581 | 0 |
| 2019 | 231,241 | 67,681 | 67,681 | (60,913) | (3,209) | 4.750% | 160,000 | 231,241 | 0 |
| 2020 | 231,849 | 63,881 | 63,881 | (57,493) | (3,420) | 5.000% | 165,000 | 231,849 | 0 |
| 2021 | 232,019 | 59,756 | 59,756 | (53,781) | (3,713) | 5.750% | 170,000 | 232,019 | 0 |
| 2022 | 230,957 | 54,869 | 54,869 | (49,382) | (4,399) | 5.750% | 175,000 | 230,957 | 0 |
| 2023 | 230,293 | 49,838 | 49,838 | (44,854) | (4,528) | 5.750% | 180,000 | 230,293 | 0 |
| 2024 | 234,471 | 44,663 | 44,663 | (40,196) | (4,658) | 5.750% | 190,000 | 234,471 | 0 |
| 2025 | 233,204 | 39,200 | 39,200 | (35,280) | (4,916) | 5.750% | 195,000 | 233,204 | 0 |
| 2026 | 231,908 | 33,594 | 33,594 | (30,234) | (5,046) | 6.250% | 200,000 | 231,908 | 0 |
| 2027 | 234,453 | 27,344 | 27,344 | (24,609) | (5,625) | 6.250% | 210,000 | 234,453 | 0 |
| 2028 | 231,953 | 20,781 | 20,781 | (18,703) | (5,906) | 6.250% | 215,000 | 231,953 | 0 |
| 2029 | 229,422 | 14,063 | 14,063 | (12,656) | (6,047) | 6.250% | 220,000 | 229,422 | 0 |
| 2030 | 231,719 | 7,188 | 7,188 | (6,469) | (6,188) | 6.250% | 230,000 | 231,719 | 0 |
| 2031 | (6,469) | 0 | 0 | 0 | (6,469) | 0.000% | 0 | -6,469 | 0 |
| | 4,369,516 | 1,031,854 | 1,094,538 | (956,876) | 0 | | 3,200,000 | 4,369,516 | |

Stauder, Barch & Associates, Inc.
Municipal Bond Financial and Marketing Consultants
3989 Research Park Drive
Ann Arbor, MI 48108
Phone (734) 668-6688 Fax: (734) 668-6723



OFFICE OF THE MAYOR

9th Floor, City Hall
124 W. Michigan Avenue
Lansing, Michigan 48933-1694
(517) 483-4141 (voice)
(517) 483-4479 (TDD)
(517) 483-6066 (Fax)

Virg Bernero, Mayor

September 30, 2010

TO: Mayor Bernero

FROM: Jerry Ambrose, Chief of Staff/Finance Director

RE: NOTICE OF INTENT RESOLUTION for CAPITAL IMPROVEMENT BONDS to Construct a Consolidated CITY GARAGE

The attached resolution will begin the process of issuing up to \$3.2 million in bonds to construct a consolidated garage for servicing city vehicles. Planning for the consolidation of the two city garages has been underway for several years, and approval of the project was incorporated into the FY11 budget.

We are anticipating using bonding authority available under the federal stimulus program, which should provide us with very attractive interest rates. However, that program is currently scheduled to expire on December 31, 2010, and there is a 45 day referendum period. Therefore, timely action by Council is needed to benefit from the stimulus program.

I am recommending that the resolution be submitted to City Council for approval.

BY _____
RESOLVED BY THE CITY COUNCIL OF THE CITY OF LANSING

City of Lansing
Counties of Ingham and Eaton, State of Michigan

NOTICE OF INTENT RESOLUTION
CAPITAL IMPROVEMENT BONDS
FOR CITY VEHICLE GARAGE

A RESOLUTION TO PROVIDE FOR:

- Publishing a Notice of Intent to Issue Bonds and Right of Referendum for up to \$3,200,000 of Bonds for a City vehicle garage.
- When the Notice is published in *City Pulse*, voters will have a 45-day referendum period during which they could petition for referendum.
- Statement of Intent to reimburse expenditures from bond proceeds required by Internal Revenue Code.

PREAMBLE

WHEREAS, the City of Lansing, Counties of Ingham and Eaton, State of Michigan (the "City") determines it to be necessary for the public health, safety and welfare of the City and its residents to acquire, construct, furnish and equip a consolidated garage and storage building(s) for City vehicles including site preparation and improvement (collectively, the "Capital Improvements"); and

WHEREAS, under the provisions of Section 517 of Act 34, Public Acts of Michigan, 2001, as amended ("Act 34") a city may issue municipal securities to pay the cost of any capital improvement items within the limitations provided by law; and

WHEREAS, the issuance by the City of bonds under Section 517 of Act 34 in an amount not to exceed Three Million Two Hundred Thousand Dollars (\$3,200,000) (the "Bonds") for the purposes of financing costs of acquisition and construction of the Capital Improvements appears to be the most practical means to that end; and

WHEREAS, Act 34 requires that the aggregate outstanding balance of municipal securities issued under Section 517 of Act 34 by a city shall not exceed 5% of the state equalized valuation of the property assessed in that city, and after the issuance of the Bonds the outstanding balance of all municipal securities issued under Section 517 of Act 34 by the City will not exceed this limit; and

WHEREAS, a notice of intent to issue bonds must be published in order to comply with the requirements of Section 517 of Act 34 and Section 5(g) of the Home Rule Cities Act, Act 279, Public Acts of Michigan, 1909, as amended; and

WHEREAS, the Internal Revenue Service has issued Treasury Regulation § 1.150-2 pursuant to the Internal Revenue Code of 1986, as amended, governing proceeds of debt used for reimbursement, pursuant to which the City must declare official intent to reimburse expenditures with proceeds of such debt before making the expenditures.

NOW, THEREFORE, BE IT RESOLVED THAT:

1. The City Clerk is directed to publish a notice of intent to issue the Bonds in *City Pulse*, a newspaper of general circulation in the City.

2. The notice of intent shall be published as a one-quarter (1/4) page display advertisement as required by Section 517 of Act 34, and shall be in substantially the following form:

NOTICE TO ELECTORS AND TAXPAYERS
OF THE CITY OF LANSING
OF INTENT TO ISSUE BONDS SECURED BY THE
TAXING POWER OF THE CITY AND RIGHT OF REFERENDUM THEREON

PLEASE TAKE NOTICE that the City Council of the City of Lansing, Michigan, intends to issue and sell general obligation capital improvement bonds, pursuant to Act 34, Public Acts of Michigan, 2001, as amended, in the maximum aggregate principal amount not to exceed Three Million Two Hundred Thousand Dollars (\$3,200,000) for the purpose of paying costs to acquire, construct, furnish and equip a consolidated garage and storage building(s) for City vehicles including site preparation and improvement.

The bonds may be issued in one or more series and may be combined with bonds issued for other purposes as shall be determined by the City Council. Each series of the bonds will mature in annual installments not to exceed the maximum permitted by law, with interest on the unpaid balance from time to time remaining outstanding on said bonds to be payable at rates to be determined at sale of the bonds but in no event to exceed such rates as may be permitted by law. Bond proceeds may be used for capitalized interest to the extent permitted by law.

SOURCE OF PAYMENT OF BONDS

The principal of and interest on the bonds shall be payable from the general funds of the City lawfully available for such purposes including property taxes levied within existing charter, statutory and constitutional limitations.

RIGHT OF REFERENDUM

THE BONDS WILL BE ISSUED WITHOUT A VOTE OF THE ELECTORS UNLESS A VALID PETITION REQUESTING SUCH A VOTE SIGNED BY NOT LESS THAN 10% OF THE REGISTERED ELECTORS RESIDING WITHIN THE CITY IS FILED WITH THE CITY CLERK WITHIN FORTY-FIVE (45) DAYS AFTER PUBLICATION OF THIS NOTICE. If such petition is filed, the bonds may not be issued without an approving vote of a majority of the qualified electors of the City voting thereon.

THIS NOTICE is given pursuant to the requirements of Section 517 of Act 34, Public Acts of Michigan, 2001, as amended, and Section 5(g), Act 279, Public Acts of Michigan, 1909, as amended. Further information concerning the matters set out in this notice may be secured from the City Clerk's office.

Chris Swope, City Clerk
City of Lansing

3. The City Council does hereby determine that the foregoing form of notice of intent to issue the Bonds, and the manner of publication directed, is adequate notice to the electors of the City and is the method best calculated to give them notice of the City's intent to issue the Bonds, the purpose of the Bonds, the source of payment of the Bonds, the security for the Bonds, and the right of referendum of the electors with respect thereto. The City Council hereby determines that the newspaper named for publication will reach the largest number of persons to whom the notice is directed.

4. The City may incur expenditures for the Capital Improvements prior to receipt of proceeds of the Bonds, and may advance moneys for that purpose from the general funds or capital fund of the City, to be reimbursed from proceeds of the Bonds when available. The City shall keep a specific record of all such expenditures.

5. The City Council hereby finds that the Capital Improvements are within a Recovery Zone within the meaning of 1400U-1(b) of the Internal Revenue Code. The City Council hereby finds that the Capital Improvements and the Bonds will qualify for Recovery Zone Bond treatment under the American Recovery and Reinvestment Act of 2009. The City Council hereby designates the Bonds as Recovery Zone Economic Development Bonds.

6. The City hereby makes the following declaration of intent for the purpose of complying with the reimbursement rules of Treas. Reg. § 1.150-2 pursuant to the Internal Revenue Code of 1986, as amended:

(1) The City reasonably expects to reimburse itself for the expenditures described in (2) below with proceeds of debt to be incurred by the City.

(2) The expenditures described in this paragraph (2) are to pay certain costs associated with the Capital Improvements which were or will be paid subsequent to sixty (60) days prior to the date hereof or which will be paid prior to the issuance of the debt from the general funds or capital fund of the City.

(3) As of the date hereof, the maximum principal amount of debt expected to be issued for reimbursement purposes, including reimbursement of debt issuance costs, is \$3,200,000 which debt may be issued in one or more series and/or together with debt for other purposes.

(4) A reimbursement allocation of the expenditures described in paragraph (2) above with the proceeds of the borrowing described herein will occur not later than 18 months after the later of (i) the date on which the expenditure is paid, or (ii) the date the Capital Improvements are placed in service or abandoned, but in no event more than three (3) years after the original expenditure is paid. A reimbursement allocation is an allocation in writing that evidences the City's use of the proceeds of the debt to be issued for the Capital Improvements to reimburse the City for a capital expenditure made pursuant to this Resolution.

(5) The expenditures for the Capital Improvements are "capital expenditures" as defined in Treas. Reg. § 1.150-1(b), which are any costs of a type which are properly chargeable to a capital account (or would be so

chargeable with a proper election or with the application of the definition of "placed in service" under Treas. Reg. § 1.150-2(c)) under general Federal income tax principles (as determined at the time the expenditure is paid).

(6) No proceeds of the borrowing paid to the City in reimbursement pursuant to this Resolution will be used in a manner described in Treas. Reg. § 1.150-2(h) with respect to abusive uses of such proceeds, including, but not limited to, using funds corresponding to the proceeds of the borrowing in a manner that results in the creation of replacement proceeds (within Treas. Reg. § 1.148-1) within one year of the reimbursement allocation described in paragraph (4) above.

7. The City requests Stauder, Barch and Associates to continue as Financial Consultant to the City to assist in preparation and planning for the sale of the Bonds.

8. The City recognizes that Miller, Canfield, Paddock and Stone, P.L.C., has represented from time to time, and currently represents, various underwriters, financial institutions, and other potential participants in the bond financing process for unrelated projects, any of which might offer to purchase the City's Bonds or to act as Transfer Agent for the Bonds. The City requests Miller, Canfield, Paddock and Stone, P.L.C. to continue as bond counsel to the City for the Bonds, notwithstanding the potential concurrent representation of any such potential participant regarding any unrelated matter.

9. The officers, administrators, agents and attorneys of the City are authorized and directed to take all other actions necessary and convenient to facilitate preparation of the Bonds for sale.

10. All resolutions and parts of resolutions insofar as they conflict with the provisions of this resolution are rescinded.

I hereby certify that the foregoing is a true and complete copy of a resolution duly adopted by the City Council of the City of Lansing, Counties of Ingham and Eaton, State of Michigan, at a Regular meeting held on _____, 2010 at ____:____ o'clock p.m., prevailing Eastern Time, and that said meeting was conducted and public notice of said meeting was given pursuant to and in full compliance with the Open Meetings Act, being Act 267, Public Acts of Michigan, 1976, and that the minutes of said meeting were kept and will be or have been made available as required by said Act 267.

I further certify that the following Members were present at said meeting:

_____ and that the following Members
were absent: _____.

I further certify that Member _____ moved for adoption of said resolution and that Member _____ supported said motion.

I further certify that the following Members voted for adoption of said resolution:

_____ and that the following Members
voted against adoption of said resolution: _____.

City Clerk